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FISCAL IMPACT REPORT

ORIGINAL DATE 2/8/2007

SPONSOR Taylor LAST UPDATED _____ HB _____

SHORT TITLE Limit Auto Recycler Licenses SB 331

ANALYST Schuss

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Environment (DOE)
Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

Senate Bill 331 would amend Section 66-4-2 of the Motor Vehicle Code to limit the number of auto recycler licenses based on county population. Under provisions of the bill the department would be allowed to issue one recycler's license per 8,500 people in counties that have a population of 120,000 or less, or one recycler's license per 13,500 people could be issued in counties that have a population of more than 120,000.

FISCAL IMPLICATIONS

TRD states that there are no fiscal impacts of this bill. Currently the recyclers' license fee is \$50 per primary location. License Fees are distributed to the State Road Fund, \$37.33 (74.65 percent) and to local governments, \$12.67(25.35 percent). Recyclers are allowed to have unlimited supplemental locations throughout the state, there is no fee for supplemental locations.

TECHNICAL ISSUES

According to TRD, SB 331 does not address how the Motor Vehicle Division (“MVD”) should allocate limited licenses in the event that the cap is reached in a given county. For example, if a license comes up for renewal, it is not clear whether MVD should allow the current license holder to retain the license or if that person is added to a waiting list. Also, there are no “grandfather” provisions for current license holders.

By limiting the number of licenses to census data, the bill essentially sets a quota that is only updated every 10 years and could create a significant barrier to entry for new businesses. There is no way to ensure auto recyclers will be evenly disbursed throughout the county, they will more than likely locate near large urban areas. There are no provisions regarding supplemental lots. A recycler could be licensed in one county but have a supplemental lot in a county that is over the allotted licenses.

OTHER SUBSTANTIVE ISSUES

TRD included the following in their analysis:

Limiting the number of “Auto Recyclers” license may have a negative impact considering the future domestic growth of New Mexico, as our population grows so will the number of vehicles being bought, sold and eventually dismantled. As the demand continues to grow, so should the supply.

By basing recycler licenses on census data, this bill will create a lag in the issuance of licenses and new licenses will only be issued every 10 years. According to the 2000 Census the total population of the state was 1.8 million, using the provisions of this bill MVD would be allowed to issue 179 auto recycler licenses. Current census estimates the population at 1.95 million, a 7.5% increase, and 13 more recycler licenses could be issued. The census report is not available for at least one year after the data has been collected, this could create even longer delays in issuing recyclers licenses.

In most cases the allotted recyclers licenses per county appear to be adequate, there would be no loss of revenue, Bernalillo and Chaves counties would be close to their allotted amount.

The chart on the following page breaks down the auto recyclers licenses by county.

<u>Rank</u>	<u>County</u>	<u>2000 Census Count</u>	<u>Auto Recyclers License Allotted</u>	<u>Currently Issued</u>	<u>Still Available</u>
1	Bernalillo County	556,678	41	38	3
2	Dona Ana County	174,682	13	2	11
3	Santa Fe County	129,292	10	3	7
4	San Juan County	113,801	13	7	6
5	Sandoval County	89,908	11		11
6	McKinley County	74,798	9	2	7
7	Valencia County	66,152	8	2	6
8	Otero County	62,298	7	2	5
9	Chaves County	61,382	7	6	1
10	Lea County	55,511	7	2	5
11	Eddy County	51,658	6	2	4
12	Curry County	45,044	5	1	4
13	Rio Arriba County	41,190	5	1	4
14	Grant County	31,002	4		4
15	San Miguel County	30,126	4	2	2
16	Taos County	29,979	4	2	2
17	Cibola County	25,595	3	1	2
18	Luna County	25,016	3		3
19	Lincoln County	19,411	2		2
	Los Alamos				
20	County	18,343	2		2
21	Socorro County	18,078	2		2
22	Roosevelt County	18,018	2		2
23	Torrance County	16,911	2		2
24	Colfax County	14,189	2		2
25	Sierra County	13,270	2		2
26	Quay County	10,155	1		1
27	Hidalgo County	5,932	1		1
28	Mora County	5,180	1		1
29	Guadalupe County	4,680	1		1
30	Union County	4,174	1		1
31	Catron County	3,543	1		1
32	De Baca County	2,240	1		1
33	Harding County	810	1	0	1
	Total	1,819,046	179	73	106

BS/csd